

UNITED STATES OF AMERICA,

- against -

MICHAEL WATTS

Defendant.

- against -

Defendant.

By: _____
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We have no objection to admit the items seized during the search warrant execution including the “CREED,” “scripts” and a recorded telephone call by a Boiler Room member who was pressing a subscriber to buy \$68,000 of SPYR stock, *IF* Erik Matz will testify that Mr. Watts was aware of and agreed to the use of these illegal tactics. Otherwise, the admission of such relevant evidence will unduly prejudice Mr. Watts’ right to a fair trial, and should be precluded under Rule 403.

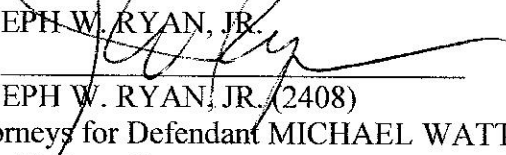
With respect to the victims’ proposed testimony, we have no objection *IF* the government can establish that the losses were not caused by a decline in stock value due to short selling attacks by third parties at a time when the price of oil was in a steady decline.¹ “Between mid-2014 and early 2016, the global economy faced one of the largest oil price declines in modern history.”² The government exhibits and 3500 material show that there was a substantial concern that the HECC stock value was subjected to short selling attacks to drive the price of HECC down during the alleged conspiracy. On April 4, 2016, HECC was forced to file for bankruptcy protection. To admit the victims’ testimony without a proper foundation, would be unduly prejudicial and should be precluded under Rule 403.

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¹ Oil price dropped from 106.06 to 26.19 (Dollars per barrel) from July 2014 to February 2016 as See: <https://fred.stlouisfed.org/graph/?g=NPX#>.

² <https://blogs.worldbank.org/developmenttalk/what-triggered-oil-price-plunge-2014-2016-and-why-it-failed-deliver-economic-impetus-eight-charts>

Dated: Melville, NY 11747
October 7, 2019


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